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EX PARTE OR LATE FILED

June 17, 1998

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By Hand Delivery

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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JUN 17 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: **EX PARTE**
CC Docket No. 96-61

Dear Ms. Salas:

Yesterday, June 16, 1998, David Joseph-Lacagnina of Salestar, George David of CCMI, and Kim Russo of Tele-Tech Services, members of the Telecommunications Management Information Systems Coalition, and the undersigned met with Thomas Power, Legal Advisor to Chairman William E. Kennard. We restated our previous arguments set forth in the pleadings filed in the above-captioned proceeding and in the attached talking points and Wall Street Journal article.

Two copies of this letter have been submitted to the Secretary of the Commission for inclusion in the public record, as required by Section 1.1206(b)(2) of the Commission's rules.

Sincerely,

Cheryl A. Tritt/JEN

Cheryl A. Tritt
Counsel for the Telecommunications
Management Information Systems
Coalition

cc: Thomas Power

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DETARIFFING PROCEEDING
CC DOCKET NO. 96-61
JUNE 9, 1998 EX PARTE PRESENTATION

- The Telecommunications Management Information Systems Coalition is composed of three companies formed for the purpose of participating in this proceeding -- Salestar, CCMI and Tele-Tech. These companies are small businesses of long standing that have provided essential pricing information to their customers for the past 10-25 years. They all gather on behalf of their customers publicly available pricing information and then abstract this information or create databases and various software pricing tools utilizing his information.

- The Coalition urges the Commission to reinstitute its earlier-adopted public disclosure requirement for mass market services.

Elimination of the information disclosure requirement is contrary to the public interest.

- Without information, consumers cannot obtain sufficient information to make informed decisions about complex choices available from multitude of carriers.

  - ➢ Consumers want this information -- recent survey commissioned by Salestar, in which 85% opposed FCC's elimination of information disclosure requirement.

  - ➢ Small to medium-sized business and residential customers especially need this information given the difficulty of obtaining it independently.

  - ➢ Information gathered and distributed to customers by the Coalition includes not only rates, but also charges such as the SLC, PICC, and Universal Service pass-through, which is helpful for both consumers and regulators, because without tariffs, these charges (and their calculation methodologies) are not always transparent on customer bills.

  - ➢ Contrary to FCC's conclusion, billing and marketing materials are not sufficient.

    - ❖ Billing information is available only to existing customers, not potential customers making initial service decisions.

- Bills are notoriously inaccurate and difficult to understand -- National Regulatory Research Institute study, shows between 20-25% of survey respondents reported billing errors in past 12 months, with majority involving long distance billing problems.

- Marketing materials are incomplete at best, because carriers advertise only the services they have targeted for specific customers.

- Marketing materials are inaccurate or confusing at worst. National Consumers League study showed 71% of survey participants found telecom advertising to be "confusing," with 28% finding it "very confusing".

- Without information, the FCC will be unable to enforce Section 254(g).

  - FCC's initial decision concluded that publicly available information was necessary for this enforcement purpose and that carrier certifications were insufficient.

  - Without additional information on record, FCC reversed course.

  - Although FCC and state agencies can still obtain this information, they have limited resources and still rely upon public as guardians of complaint process.

  - Many states that have implemented partial detariffing have continued to require some sort of price list, *e.g.*, Delaware, Oregon, Arizona, New Mexico, Colorado, Washington, and Connecticut, which indicates that the availability of this information still serves important enforcement purposes.

  - At same time as information is limited, FCC has raised the threshold for pleading formal complaints, further limiting likelihood of effective enforcement by public.

- FCC concerns about price coordination are not eliminated by abandoning the information disclosure requirement.

  - In a competitive market more information helps the market to function more efficiently. The FCC has long characterized the long distance market as robustly competitive.

  - FCC also acknowledged that large and sophisticated competitors will still be able to obtain each other's pricing information. Elimination of information disclosure thus fails to address any threat (if any exists) of price collusion but definitely deprives consumers of access to this important information.

- Disclosure of actual current prices is highly unlikely to serve as a vehicle to coordinate prices in any event because it provides no advance assurance that competitors would follow any price increase. For example, when DOJ investigated and settled allegations of airline price fixing, the settlement prohibited the dissemination of pricing information for fares that were not currently for sale, but it permitted the continued dissemination of current fares.

- Any remaining hypothetical risk of collusive pricing is diminished by availability of Section 201 of the Act and federal and state antitrust laws, upon which the Commission has consistently relied. Reliance on these remedies can mute any remaining risks of collusion without depriving consumers of access to important information.

Best Phone Discounts Go to Hardest Bargainers

By JOHN J. KELLER
Staff Reporter of THE WALL STREET JOURNAL

Shhhh. Don't tell anybody, but now Ma Bell is a "dime lady," too.

Millions of customers switched to Sprint Corp.'s dime-a-minute plan over the past two years, lured by the simple but limited offer from its "dime lady" pitchwoman, Candice Bergen. The Sprint plan charges just 10 cents a minute for long-distance calls on nights and weekends and 25 cents a minute on weekdays. Stung, AT&T Corp. responded with a flat-rate offer that,

TELECOMMUNICATIONS

while less catchy, charges 15 cents a minute around the clock. AT&T named the plan One Rate.

Now it turns out that One Rate actually is two rates: AT&T customers can get dime-a-minute calling 24 hours a day, seven days a week – if only they know to ask for it. That is the hardest part, for AT&T has been uncharacteristically quiet about the new offer. The company hasn't advertised it; it hasn't sent out press releases heralding the latest effort to one-up the folks at Sprint. AT&T's customer-service reps don't even like to talk about it.

"How did you find out about this? Who told you?" one AT&T representative demanded to know when a customer dialed the company's main toll-free number seeking the secret discount.

AT&T's "you-gotta-ask-for-it" plan is a risky defense. While aimed at stopping customers from sprinting away to Sprint, it is going to irk people who discover they are paying more than they have to. The stealthy offer also reveals a new consumer caveat: the days of one-size-fits-all discount plans may be over, and how good your deal is will depend on how hard you haggle.

Some customers, of course, have played long-distance providers off one another in recent years, surfing among carriers to land cash bonuses for switching. Now, the heavily advertised discount plans – from AT&T's True Reach to MCI One to Sprint Sense – are yielding to a new kind of telecom bazaar, in which different customers will get different rates.

In the entirely unheralded AT&T offer, which it calls One Rate Plus, the toughest bargainers can do even better than the dime-a-minute deal; they can persuade AT&T to waive a $4.95-a-month fee for several months. Sprint, which usually charges 25 cents a minute in daylight hours, will match AT&T's 15-cent rate – but only if customers demand it. (MCI Communications Corp. claims it doesn't dicker: It stands by a 12-cent-a-minute rate for customers who spend at least $25 a month.)

"When I called AT&T, at first the customer rep acted like she didn't know what I was talking about," says Cheryl-Ann Barrington, a One Rate customer in Odenton, Md. "But then I told her my sister got the 10-cent rate, and she gave me the details." Ms. Barrington, who spends up to $90 a month on long-distance calls, landed the all-hours, dime-a-minute rate plus a six-month freebie on the monthly fee. "If my monthly bills don't go down, I'll do something else," she says.

The negotiations unnerve even some customers who are nervy enough to hondle. "I was notified about a 12-cent-a-minute MCI plan, and I called AT&T to see if they could offer anything cheaper," says Jack Balos, an AT&T customer in New York. Emboldened by the surprise dime

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The Long-Distance Haggle

COMPANY	ADVERTISED PLAN	IF YOU CALL AND ASK	TOLL-FREE NUMBER
AT&T	**One Rate:** 15 cents per minute on any long-distance call made at any time in the U.S.	**One Rate Plus:** 10 cents per minute on any long-distance call plus a $4.95 per month fee that is sometimes waived for two or more months.	1-800-CALL-ATT (1-800-225-5288)
Sprint	**Sprint Sense:** 10 cents per minute 7 p.m. to 7 a.m. Mon.-Fri. and all weekend. During the day the charge is 25 cents per minute	**Sprint Sense Day:** 15 cents per minute, around the clock, if you tell Sprint you're a work-at-home person or homebound. Sprint also offers a 10-cents-per-minute rate on the one number you call the most.	1-800-PIN-DROP (1-800-746-3767)
MCI	**MCI One:** 12 cents per minute if you spend at least $25 a month. Spend less than $25 and the per-minute charge is 15 cents. MCI also bundles wireless, Internet and other services into its package.	None, apparently. "We're not in the promo game at all," a spokesman says.	1-800-444-3333
LCI International	**All America:** 19 cents per minute on daytime calls, 14 cents on evenings, 12 cents after 11 p.m. and weekends	**Option S:** 25 cents per minute 6 a.m. to 6 p.m. and 10 cents all other times; **Option T:** 15 cents per minute around the clock	1-800-524-4685

The Wall Street Journal
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Go to Best Hagglers

Continued From Page B1

offer, he also landed a refund of $27.90 for the nickel-a-minute extra he has been paying since signing up with One Rate. And he got AT&T to waive the $4.95-a-month fee — albeit for only two months rather than six.

"The individual negotiations are ridiculous," Mr. Balos complains. "They're not advertising this, and that's not fair to the people who have signed up for AT&T's 15-cent One Rate plan."

An AT&T spokesman makes no apologies for the special pricing, given the intense competition. It is used, he says, on "a case-by-case basis with an AT&T customer who has gotten an attractive offer from a competitor."

But consumers might well wonder, "who's being true," says Yankee Group analyst Brian Adamik, borrowing from AT&T's high-profile ad campaign for the True Reach discount program. Over the past year or so "all carriers have had secret pricing offers in their back pockets, and they take them out and use them when needed," he says.

AT&T gave its telemarketers the dime plan two weeks ago to keep customers from fleeing to rival discount services. Its unusual level of discretion in making One Rate Plus known may be understandable: The plan marks a 33% discount off the existing One Rate. If millions of customers grabbed for it, that would hinder the already-slow growth in AT&T's revenue, which grew 2.7% last year.

That is why AT&T has been raising its basic rates in the past couple of years, and why rivals have been following in lockstep. They aim to offset a falloff in revenue brought about by discounting. Consumer watchdogs have long decried the fact that more than half of AT&T's 80 million household customers still pay high basic rates, apparently unaware of, or uninterested in, cheaper plans.

Even the $4.95 monthly fee in One Rate Plus may not necessarily alleviate the revenue pressure. Under the 15-cent-a-minute plan, a customer who makes 300 minutes of long-distance calls in a month would be charged $45. The same customer at a dime a minute would be charged $34.95, or 22% less, even factoring in the $4.95 fee.

The mishmash of discounts and hard bargaining will probably increase as customers negotiate individual service plans that bundle in everything from local and long-distance phone service to cellular, paging and Internet access. It lets the phone companies try to differentiate their services from commoditylike long-distance rates.

MCI bundles local, long-distance, Internet and wireless services with its MCI One plan. Sprint bundles long-distance, paging, toll-free calls and other services. GTE Corp. has begun to do this in its national markets. Such packaging could enable carriers to wean consumers off discounts — but will require customers to become savvier about the back-and-forth.

A media executive, say, could get her own bundle of phone, Internet and other services, while a person with a home office could get his different bundle at different prices. With every combatant—from AT&T to even something called the Long Distance Wholesale Club — offering cut-rate pricing, "fighting on price alone just isn't sustainable," says Mr. Adamik of Yankee Group, a Boston research firm. "Another company will always rise up to beat your price."

AT&T is willing to take up the challenge — for now, although it won't say how long the dime deal will last. While such bargains are unadvertised, with a little persistence you can find out about the latest one by calling the company. Just dial 1-800-CALLATT.